



June 15, 2006

TO: Edward Garvey, Deputy Commissioner
DOC (Tel: 651-296-9325)
THROUGH: Marya White, Manager
DOC (Tel: 651-297-1773)
FROM: William Cole Storm, Staff
DOC Routing & Siting Unit (Tel: 651-296-9535)
RE: DOC Staff Recommendation on Content of the Environmental Assessment
Xcel Energy Cannon Falls Transmission Project
PUC Docket # E002/TL-06-459

ACTION REQUIRED: Signature of the Commissioner on the attached Order, "Environmental Assessment Scoping Decision." Once signed, the Department of Commerce (DOC) staff will mail the notice of the order to interested parties.

BACKGROUND: On March 30, 2005, the Environmental Quality Board issued a Large Electric Power Generating Plant (LEPGP) Site Permit to Invenergy Cannon Falls, LLC (EQB Docket No. 04-85-PPS-Cannon Falls EC) to construct and operate a LEPPG in Cannon Falls, Minnesota. The Cannon Falls Energy Center (CFEC) will consist of two simple cycle combustion turbines. The nominal capacity of the facility will be 357 MW. The primary fuel will be natural gas with low sulfur distillate fuel oil as a backup.

The Cannon Falls Energy Center is being developed under an executed power purchase agreement between Invenergy Cannon Falls, LLC and Northern States Power d/b/a Xcel Energy. The entire output of the CFEC is dedicated to meet the PUC approved need (In the Matter of Northern States Power Company's Application for approval of its 2000-2014 Resource Plan) and therefore did not require a Certificate of Need (CON).

Xcel Energy filed the HVTL route permit application on April 25, 2006; Xcel Energy proposes construction of a 0.98 mile (5,170 ft) double circuit 115 kV/115 kV transmission line, 1.3 miles (6,945 ft) of two single circuit 115 kV transmission lines and the construction of a 161 kV/115 kV substation. The new substation, identified as the Colvill Substation, will be located within the CFEC property. The proposed Cannon Falls Transmission Project is required to support the interconnection of the Cannon Falls Energy Center.

The proposed 115 kV transmission line does not qualify as a "large energy facility" because it is less than 10 miles long (Minn. Stat. 216B.2421, subd. 2(3)). Therefore, no CON is required for the proposed project.

The application is being reviewed under the Alternative Review Process (Minnesota Rules 4400.2010) of the Power Plant Siting Act (Minnesota Statutes 116C.51 to 116C.69). Under the Alternative Review Process, an applicant is not required to propose any alternative sites or routes. The Department of Commerce Energy Facility Permitting Staff holds initial public information/scoping meeting, develops a scoping decision recommendation, prepares a document called an Environmental Assessment, and a public hearing is required but it need not be a contested case hearing. The PUC has six months to reach a decision under the Alternative Process from the time the application is accepted

On June 5, 2006, staff from the DOC's Routing and Siting Unit held the initial public information/scoping meetings in Cannon Falls. The purpose of the public meetings was to provide the public with information about the project, afford the public an opportunity to ask questions and present comments, and to solicit input on the content of the EA.

The comment period was held open until 5:00 pm June 12, 2006.

POTENTIAL SIGNIFICANT IMPACTS: The major areas of concern voiced during the public meeting were the implications of MnDOT's Vision 52 (i.e., Highway 52 and County Road 86 interchange) on potential HVTL route and the specific alignment options for the transmission line along a given property. These issues, along with the typical HVTL routing impacts, have been incorporated into the proposed Order on the Environmental Assessment Scoping Decision.

No written comments were received.

SCHEDULE: The Environmental Assessment will be completed by July 31, 2006.

cc: Deb Pile, Supervisor



**In the Matter of a Xcel Energy,
Application for a High Voltage
Transmission Line Permit in the vicinity of
Cannon Falls (Goodhue and Dakota
Counties)**

**ENVIRONMENTAL ASSESSMENT
SCOPING DECISION**

PUC Docket No. E002/TL-06-459

The above matter has come before the Commissioner of the Department of Commerce (the Department) for a decision on the content of the Environmental Assessment (EA) to be prepared in consideration of the Application for a High Voltage Transmission Line (HVTL) Route Permit from Xcel Energy on the proposed Cannon Falls Transmission project.

The Routing and Siting Unit of the Department held a public meeting on June 5, 2006 in Cannon Falls. The purpose of the meeting was to provide the public with information on the project and to solicit input into the content of the EA. The public was given until June 12, 2006, to submit written comments.

Having reviewed the matter, and having consulted with staff, I hereby make the following Order on the content of the EA:

MATTERS TO BE ADDRESSED

The EA will address the following matters:

1.0 INTRODUCTION

- 1.1 Project Description
- 1.2 Project Location
- 1.3 Project Purpose
- 1.4 Sources of Information

2.0 REGULATORY FRAMEWORK

- 2.1 PUC Certification Requirement
- 2.2 Environmental Assessment Requirement

3.0 ALTERNATIVE ROUTES

- 3.1 Implications of MnDOT Vision 52/County Road 86 Interchange

4.0 IMPACTS AND MITIGATIVE MEASURES

- 4.1 Human Settlements
- 4.2 Noise
- 4.3 Aesthetics
- 4.4 Recreation
- 4.5 Transportation
- 4.6 Land Use

- 4.7 Prime Farmland
- 4.8 Soils and Geology
- 4.9 Flora
- 4.10 Fauna
- 4.11 Archaeological and Historic Features
- 4.12 Air Quality
- 4.13 Surface Water
- 4.14 Wetlands
- 4.15 Human Health and Safety to include Electric and Magnetic Fields (EMF)
- 4.16 Potential for radio, television and cell phone interference from transmission lines

IDENTIFICATION OF PERMITS

The EA will include a list of permits that will be required for the applicant to construct this project.

ISSUES OUTSIDE OF THE ENVIRONMENTAL ASSESSMENT

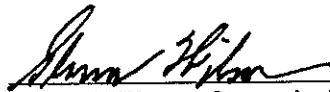
The Department will not, as part of this environmental review, consider whether a different size or different type of transmission line should be built. Nor will the Department consider the no-build option regarding the HVTL.

SCHEDULE

The EA shall be completed by July 31, 2006.

Signed this 14 day of June, 2006

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE



Glenn Wilson, Commissioner